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Approved By:

David Leishman

Prepared By:

A. Govindan, Amit Aradhey

Report Highlights:

EGoM clears food security bill, rules out wheat exports..., *Move to hike APL wheat and rice prices*, *Corruption pervasive in failed PDS*, *Government asks Bt Brinjal developers to deposit seed stock*, *Indian honey has antibiotics, traces of heavy metals, says EU*, *Milk powder, butter oil imports liberalized*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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EGOM CLEARS FOOD SECURITY BILL, RULES OUT WHEAT EXPORTS ...

An Empowered Group of Ministers (EGoM) headed by Finance Minister Pranab Mukherjee cleared the draft Food Security Bill, ruled out wheat exports for the present despite bulging stocks, approved a decision to increase foodgrain allocations for the above-poverty-line (APL) consumers of the public distribution system (PDS), and endorsed the ban on wheat exports up to March 2011. The draft Food Security Bill is expected to go the Cabinet approval next week, after which it would be sent to Parliament for enactment. The long-pending Food Security Bill aims at legalizing the right to 25 kg of foodgrain to the poor at Rs. 3 per kg. The EGoM also decided to leave unchanged the minimum export price of basmati rice and continue duty-free imports of pulses. Earlier Food Minister Sharad Pawar ruled out re-imposing an import duty on sugar despite plummeting sugar prices. (Source: Economic Times, 03/19/10)

...MOVE TO HIKE APL WHEAT AND RICE PRICES

The cabinet is scheduled to take up the controversial proposal for raising prices of wheat and rice sold through ration shops to Rs. 11 per kg and Rs. 15.37 per kg for about 110 million above-poverty-line (APL) families from the current Rs. 6 per kg for wheat and Rs. 8.30 per kg rice. The Finance Ministry has been arguing that the decision cannot be delayed as the PDS sales price has not been revised since July 2002. "The situation has become untenable. The [food] subsidy bill now stands at Rs.56,000 crores (\$12.2 billion) compared to Rs. 20,000 crores in 2002," said a Minister. (Source: Economic Times, 03/19/10)

CORRUPTION PERVASIVE IN FAILED PDS

The Supreme Court-appointed Central Vigilance Committee (CVC) has slammed the Public Distribution System (PDS) as one of the most corrupt sectors, saying the root cause of its failure in several states is political interference. "Corruption is all pervasive in the entire chain involved in the PDS. It continues to remain a formidable problem. It is true that some officers are doing a good job but then most of the functionaries under them in the Department are typically callous and resort to corrupt practices," according to a report submitted by the CVC. There are large-scale diversions of foodgrains supplied to the PDS; black-marketing by Fair Price Shop dealers; a strong nexus between them and the officials of the department; improper record keeping; false entries in the register; and above all political influence and interference

hampering public distribution. (Source: Hindu, 03/17/10)

GOVERNMENT ASKS BT BRINJAL DEVELOPERS TO DEPOSIT SEED STOCK

The Government has said that Mahyco, the developer of Bt brinjal (egg plant), has been asked to deposit the seed stock with the National Bureau of Plant Genetics Resources to prevent any potential leakage and contamination till it's safety is proven. "There is no chance of Bt brinjal making a backdoor entry through leakages of its seeds till it is cleared by an independent regulatory body," Environment Minister, Jairam Ramesh informed the Rajya Sabha. He said some state governments, NGOs and sections of the scientific and farming communities have expressed apprehensions on the safety of Bt brinjal and its long-term impact on human health and environment. (Source: PTI, 03/15/10)

INDIAN HONEY HAS ANTIBIOTICS, TRACES OF HEAVY METALS, SAYS EU

Alleging the presence of antibiotics and heavy metal residues in Indian honey, the European Union (EU) has threatened to ban such imports starting next month (April). The EU is the second largest destination for Indian honey exports after the U.S. India exports honey to over 60 countries. India's total honey exports were \$32.39 million in 2008-09, a quarter of which (\$7.7 million) went to the EU. The Commerce Ministry is holding urgent talks with honey producers and the Export Inspection Council (EIC). India will seek more time from the EU to explain the situation. While some antibiotic residues come from bee colonies which use antibiotics to prevent bacterial diseases, other residues may originate from imported honey. "Some exporters are importing adulterated Chinese honey and re-exporting illegally to markets such as the EU and Canada and some mix raw sugar to make honey sweeter which makes it impure." (Source: Business Line, 03/19/10)

MILK POWDER, BUTTER OIL IMPORTS LIBERALISED

Foreseeing shortages in milk supplies to cities ahead of the summer season, the government has permitted duty-free imports of up to 30,000 tons of milk powder and 15,000 tons of butter oil. The imports are, however, subject to a tariff rate quota (TRQ) arrangement. In the case of milk powder, the only entities eligible for allocation by the Directorate General of Foreign Trade (DGFT) are the National Dairy Development Board (NDDB) and parastatals including STC, MMTC, PEC and NAFED. The DGFT has not yet specified the eligible agencies for butter oil, but indications are that here too, only NDDB and the State-owned enterprises would be granted TRQ allocations. Milk powder imports typically attract a 60 percent basic customs duty, and butter oil a 30 percent duty. But through a recent tariff notification, the Central Board of Excise and Customs (CBEC) has liberalized the in-quota quantity, by trebling it to 30,000 tons and by slashing the duty on such imports from five to zero percent. Butter oil so far was not covered under the TRQ, with all imports uniformly assessable at 30 percent. But now, even this commodity (which includes white butter and anhydrous milk fat) has been brought under TRQ, with an in-quota duty-free import quantity of 15,000 tons. The CBEC notification, dated March 12, has, however, clarified that the duty-free imports in both cases are subject to "Condition No. 1" which restricts the imports to those holding TRQ allocation certificates issued by the DGFT. (Source: Business Line, 03/07/10)

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